

**PUBLIC DISCLOSURE**

JANUARY 14, 2002

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**PEOPLES SAVINGS BANK**

314 HIGH STREET  
HOLYOKE, MA 01040

DIVISION OF BANKS  
ONE SOUTH STATION  
BOSTON, MA 02110

<p><b>NOTE:</b> This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
--

## **TABLE OF CONTENTS**

- I. General Information
- II. Institution Rating
  - a. Overall Rating
  - b. Lending, Service, and Investment Test Table
  - c. Discussion of Findings
- III. Appendix
  - a. Scope of Examination

## GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **PEOPLES SAVINGS BANK** prepared by the Massachusetts Division of Banks, the institution's supervisory agency, as of **JANUARY 14, 2002**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

### **INSTITUTION'S CRA RATING: Peoples Savings Bank is rated "Outstanding".**

Peoples Savings Bank elected to be evaluated under the Strategic Plan (The Plan) option for the Community Reinvestment Act. The Division of Banks approved The Plan on April 18, 1997. The Federal Deposit Insurance Corporation (FDIC) approved the plan on April 21, 1997. The Plan sets forth goals for "Satisfactory" and "Outstanding" performance for five consecutive years commencing January 1, 1997. This evaluation covers years three, four, and five of The Plan or the period from January 1, 1999 through December 31, 2001. In addition, a recap of Peoples Savings Bank's overall performance from January 1, 1997 through December 31, 2001 of The Plan is also provided. (see addendum).

<b>CRA Rating Based Upon Goal Points-Years Three Through Five</b>						
<b>Test</b>	<b>Low Satisfactory</b>	<b>High Satisfactory</b>	<b>Outstanding</b>	<b>Points Achieved</b>		
				<b>1999</b>	<b>2000</b>	<b>2001</b>
<b>Lending</b>	30	37	45	<b>55</b>	<b>50</b>	<b>48</b>
<b>Investments</b>	6	8	10	<b>10</b>	<b>10</b>	<b>10</b>
<b>Services</b>	16	23	30	<b>35</b>	<b>32</b>	<b>32</b>
<b>TOTAL</b>	<b>52</b>	<b>68</b>	<b>85</b>	<b>100</b>	<b>92</b>	<b>90</b>

## DESCRIPTION OF INSTITUTION

Peoples Savings Bank is a community institution incorporated under the laws of the Commonwealth of Massachusetts in 1885. As of the December 31, 2001, Federal Deposit Insurance Corporation's (FDIC) Quarterly Call Report, the bank had approximately \$817,051,000 in assets. Of these assets, \$489.466,000 or 59.9 percent were in the form of loans.

Refer to the following.

<b>Peoples Savings Bank's Loan Portfolio as of December 31, 2001</b>	
<b>Type of Loans</b>	<b>% of Total Loans</b>
Construction & Land Development	1.4
Residential Real Estate	
a. 1-4 Family Mortgages	57.8
b. Home Equity Lines (includes second mortgages)	5.3
Multifamily	4.9
Commercial Loans	
a. Commercial Real Estate	22.2
b. Commercial & Industrial Loans	7.3
c. Agricultural Loans	0.0
Consumer Loans	
a. Credit Cards & Related Plans	0.1
b. Loans to Individuals	1.0
<b>Total Loans</b>	<b>100.0</b>

Source: FDIC Call Report, 12/31/01

Peoples Savings Bank offers a variety of mortgage products including a 15 and 30 year fixed-rate mortgage and 1, 3/1, 5/1, 7/1, and 10/1 Adjustable Rate Mortgages. The bank does not have a minimal loan amount for mortgage applications. Fixed rate mortgages are underwritten to the Federal Home Loan Mortgage Corporation's (FHLMC's) standards in order to provide the bank with the option to sell its fixed-rate loans in the secondary market. Consumer loan products include new and used car loans, fixed- or variable- rate home equity loans/lines, overdraft lines of credit, personal loans, and passbook loans. Commercial loan products include lines of credit, commercial real estate loans, investor-owned residential property loans, term loans, and Small Business Administration Loans.

Peoples Savings Bank's main office is located at 314 High Street in Holyoke, Massachusetts. The bank operates eight other full service branch offices in Massachusetts: two in Holyoke, two in Chicopee, two in Hadley, and one each in the towns of South Hadley and Longmeadow.

In early 2002, Peoples Savings Bank opened a new corporate headquarters at 330 Whitney Avenue in Holyoke.

The bank maintains 24-hour Automated Teller Machines at twenty-one locations and is linked to the Cirrus and NYCE networks. Office hours are convenient and appear to be accessible to all segments of the assessment area.

Due to the substantial bank consolidations that have occurred within the local community, Peoples Savings Bank is now the only bank with headquarters in Holyoke. However, the bank has competition within the immediate area from a significant branch network and lending presence. In Holyoke, Peoples Savings Bank's competition includes First Massachusetts Bank; Fleet Bank; Westbank; and United Cooperative Bank to name a few. Elsewhere within the bank's assessment area there is competition from: Westfield Savings Bank; Country Bank for Savings; Chicopee Savings Bank; and Easthampton Savings Bank, as well as a number of regional and national mortgage companies.

The Federal Deposit Insurance Corporation last examined the bank for compliance with the Community Reinvestment Act on January 10, 2000. That examination resulted in a "Outstanding" rating. The Division of Banks previously conducted a CRA examination dated March 18, 1999. That examination resulted in an "Outstanding rating".

### **Description of Assessment Area**

Peoples Savings Bank has designated its assessment area as the cities of Holyoke, Chicopee, Westfield and West Springfield, and the towns of Agawam and Longmeadow in Hampden County; the City of Northampton and the towns of Amherst, Belchertown, Easthampton, Granby, Hadley, Southampton, and South Hadley in Hampshire County as well as census tract 8005.00 in the City of Springfield. This delineation places the bank in the Springfield Metropolitan Statistical Area (MSA). The 1999, 2000, and 2001 HUD estimated median family income of the Springfield MSA was \$46,400, \$47,500, and \$49,700 respectively.

Housing information obtained from PCI Services, Inc., CRA Wiz, based upon 1990 census data, indicated that there are 127,316 housing units within the bank's assessment area. The subsequent data indicates a low level of owner-occupancy, particularly in the low-income census tracts.

<b>Assessment Area Housing Statistics*</b>					
<b>Census Tracts</b>	<b># of Housing Units</b>	<b>% Owner Occupied</b>	<b>% Renter Occupied</b>	<b>% Vacant</b>	<b>Total</b>
Low	5,273	5.9	84.3	9.8	<b>100.0</b>
Moderate	11,890	29.6	64.8	5.6	<b>100.0</b>
Middle	80,467	56.1	39.3	4.6	<b>100.0</b>
Upper	29,677	79.3	17.1	3.6	<b>100.0</b>

\*Source: PCI Services, Inc., CRA Wiz Software.

The 1990 census data indicates that in Peoples Savings Bank's assessment area, the weighted average median value of a home was \$124,179, while the weighted average median family income was \$36,411. Further, 76.3 percent of the households in the assessment area earn a wage/salary, while 11.0 percent of the households within the bank's assessment area are below the poverty level.

The bank's assessment area is comprised of 67 census tracts. Of these census tracts 5 or 7.5 percent are low-income tracts; 6 or 9.0 percent are moderate-income tracts, 34 or 50.8 percent are middle-income tracts, 17 or 25.4 percent are upper-income tracts, and 5 or 7.5 percent are non-designated tracts.

Four of the low-income tracts are located in Holyoke. One low-income tract and one moderate-income tract are located in the Town of Amherst at the site of the University of Massachusetts campus. The housing within these tracts consists of student and faculty rental housing for the university.

One of the five non-income designated census tracts is also located in the Town of Amherst, and is the site of Hampshire College's campus. That tract contained only 3 housing units at the time of the 1990 Census. One other non-income-designated tract is located in the City of Chicopee, and is the site of the Westover Air Force Base. The remaining three non-income designated census tracts are located in the City of Northampton and include the United States Veterans Administration Hospital at Leeds and the former site of a Department of Mental Health Hospital. These tracts combined contained a total of 6 housing units at the time of the 1990 Census.

In 2000, there were 268 lenders including mortgage companies, savings banks, commercial banks, cooperative banks, and credit unions, that originated and/or purchased residential mortgage and/or home improvement loans within the bank's assessment area (source: PCI Services, Inc., CRA Wiz). The total number of originations/purchases received by these lenders in calendar year 2000 was 7,573. The top five lenders within the bank's assessment area are shown in the following table.

<b>2000 – MARKET SHARE WITHIN THE ASSESSMENT AREA*</b>			
<b>LENDER</b>	<b># OF LOANS</b>	<b>% MARKET SHARE</b>	<b>RANK</b>
Sovereign Bank	780	10.0	1
BankBoston NA	552	7.0	2
Florence Savings Bank and First Massachusetts Bank	383	5.0	3
Citicorp Mortgage, Inc.	371	5.0	4
<b>Peoples Savings Bank</b>	<b>344</b>	<b>5.0</b>	<b>5</b>

\* PCI Services, Inc.

### **PERFORMANCE FOR YEARS THREE, FOUR, AND FIVE OF THE PLAN- (1999, 2000, 2001)**

#### **LENDING TEST**

#### ***LENDING GOALS***

The following reflects Peoples Savings Bank's performance in years three, four, and five of The Plan regarding the attainment of its Lending Goals.

#### **Lending Volume Goals**

Peoples Savings Bank CRA Strategic Plan Section II – The Bank's Goals Under this Plan established lending volume goals for residential mortgages, small business loans and consumer loans. If the bank did not meet the floor or minimum volume expectations, the Bank would either submit an amendment or elect to be evaluated under large bank examination procedures.

The lending volume goals are as follows:

Residential Mortgages:	\$36 million to \$54 million
Small Business Loans:	\$6 million to \$10.5 million
Consumer Loans:	\$1 million to \$1.3 million

All goals are the same for each year of the plan.

As reported below, Peoples Savings Bank achieved the threshold for each type of lending for each year of the plan. As a result for years 1999, 2000 and 2001 the bank was evaluated under the Strategic Plan.

## **HMDA Reportable Lending**

### ***Loans Within the Assessment Area***

Section I subsection A-1 of The Plan established a goal of either 75.0 percent of the total number or 70.0 percent of the total dollar volume of HMDA reportable loans be granted within Peoples Savings Bank's assessment area in order to receive an "Outstanding" rating in this area. If such a goal is achieved under The Plan, then the bank receives 4 points.

For a "Satisfactory" rating, the bank must achieve 60 percent of the total number or total dollar volume of its HMDA reportable lending inside the assessment area. If such a goal is achieved under The Plan, then the bank receives 3 points.

In year three, Peoples Savings Bank granted a total of 509 HMDA reportable loans totaling \$62,522,000, of which 396 loans worth \$48,010,000 were within its assessment area. In year four, the bank granted 528 loans totaling \$68,881,000 of which 344 loans worth \$43,955,000 were within its assessment area. In year five, Peoples Savings Bank granted 735 HMDA reportable loans totaling \$96,759,000 of which 517 loans totaling \$68,016,000 were within its assessment area.

The following table reflects Peoples Savings Bank's performance in this area.

<b>HMDA Reportable Lending Inside and Outside Assessment Area for Years Three Through Five</b>						
	<b>Year Three - 1999</b>		<b>Year Four – 2000</b>		<b>Year Five – 2001</b>	
	<b>Percent of Number</b>	<b>Percent of Dollars</b>	<b>Percent of Number</b>	<b>Percent of Dollars</b>	<b>Percent of Number</b>	<b>Percent of Dollars</b>
<b>Inside</b>	<b>77.8</b>	<b>76.8</b>	<b>65.2</b>	<b>63.8</b>	<b>70.3</b>	<b>70.3</b>
<b>Outside</b>	<b>22.2</b>	<b>23.2</b>	<b>34.8</b>	<b>36.2</b>	<b>29.7</b>	<b>29.7</b>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Points Achieved</b>	<b>4</b>		<b>3</b>		<b>4</b>	

Source: HMDA LAR, CRA Wiz

As indicated, Peoples Savings Bank achieved an "Outstanding" rating in years three and five of The Plan. The rating in year five was attained by the percentage of dollar volume. The bank achieved a "Satisfactory" rating in year four.

### ***Loans to Low and Moderate-Income Borrowers***

Section I subsection A-2 of The Plan established a goal of either 20.0 percent of the total number or 12.0 percent of the total dollar volume of HMDA reportable loans granted to borrowers of low and moderate-income within Peoples Savings Bank's assessment area in order to receive an "Outstanding" rating. If such a goal is achieved under The Plan, then the bank receives 5 points.

For a "Satisfactory" rating, the bank must achieve either 16 percent of the total number or 7 percent of the total dollar volume of its HMDA reportable lending to borrowers of low and moderate-income inside the assessment area. If such a goal is achieved under The Plan, then the bank receives 3 points.

Low income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA (see Performance Context) and moderate income is defined as income between 50 to 79 percent of the median family income.

In year three, Peoples Savings Bank granted 73 HMDA reportable loans totaling \$4,709,000 to borrowers of low and moderate-income within its assessment area. The bank granted 50 loans totaling \$3,629,000 and 81 loans totaling \$5,422,000 to low and moderate-income borrowers within its assessment area in years four and five, respectively.

The following table reflects Peoples Savings Bank's performance in this area.

<b>HMDA Reportable Lending to Low and Moderate-Income Borrowers for Years Three Through Five</b>						
<b>Incomes</b>	<b>Year Three – 1999</b>		<b>Year Four - 2000</b>		<b>Year Five – 2001</b>	
	<b>Percent of Number</b>	<b>Percent of Dollars</b>	<b>Percent of Number</b>	<b>Percent of Dollars</b>	<b>Percent of Number</b>	<b>Percent of Dollars</b>
<b>Low</b>	<b>2.5</b>	<b>1.0</b>	<b>1.7</b>	<b>0.8</b>	<b>3.1</b>	<b>1.2</b>
<b>Moderate</b>	<b>15.9</b>	<b>8.8</b>	<b>12.8</b>	<b>7.4</b>	<b>12.6</b>	<b>6.8</b>
<b>Combined</b>	<b>18.4</b>	<b>9.8</b>	<b>14.5</b>	<b>8.2</b>	<b>15.7</b>	<b>8.0</b>
<b>Points Achieved</b>	<b>3</b>		<b>3</b>		<b>3</b>	

Source: HMDA LAR, CRA Wiz

As indicated, Peoples Savings Bank achieved a "Satisfactory" rating in all three time frames under The Plan. In year three, the bank earned this rating both by the number percentage and by the dollar volume percentage. In years four and five, the rating was achieved by the dollar volume percentages only.

### ***Loans to Low and Moderate-income Census Tracts***

Section I subsection A-3 of The Plan established a goal of either 4.0 percent of the total number or 2.7 percent of the total dollar volume of HMDA reportable loans granted to low and moderate-income census tracts within Peoples Savings Bank's assessment area in order to receive an "Outstanding" rating. If such a goal is achieved under The Plan, then the bank receives 4 points.

For a "Satisfactory" rating, the bank must achieve either 3.5 percent of the total number or 2.0 percent of the total dollar volume of its HMDA reportable lending granted to low and moderate-income census tracts within its assessment area. If such a goal is achieved under The Plan, then the bank receives 3 points.

In year three, Peoples Savings Bank granted 17 HMDA reportable loans totaling \$1,538,000 to the low and moderate-income census tracts within its assessment area. The bank granted 20 loans totaling \$2,264,000 and 27 loans totaling \$3,495,000 to the low and moderate-income census tracts within its assessment area in years four and five, respectively.

The following table reflects Peoples Savings Bank's performance in this area.

<b>HMDA Reportable Lending to Low and Moderate-Income Census Tracts for Years Three Through Five</b>						
<b>Census Tracts</b>	<b>Year Three – 1999</b>		<b>Year Four - 2000</b>		<b>Year Five – 2001</b>	
	<b>Percent of Number</b>	<b>Percent of Dollars</b>	<b>Percent of Number</b>	<b>Percent of Dollars</b>	<b>Percent of Number</b>	<b>Percent of Dollars</b>
<b>Low</b>	<b>2.0</b>	<b>0.9</b>	<b>2.0</b>	<b>1.1</b>	<b>1.4</b>	<b>0.7</b>
<b>Moderate</b>	<b>2.3</b>	<b>2.3</b>	<b>3.8</b>	<b>4.1</b>	<b>3.9</b>	<b>4.4</b>
<b>Combined</b>	<b>4.3</b>	<b>3.2</b>	<b>5.8</b>	<b>5.2</b>	<b>5.3</b>	<b>5.1</b>
<b>Points Achieved</b>	<b>4</b>		<b>4</b>		<b>4</b>	

Source: HMDA LAR, CRA Wiz

Based upon the number of HMDA reportable loans granted, Peoples Savings Bank achieved an 'Outstanding' rating in all three time frames under The Plan.

**Total points achieved under Section I subsection A of The Plan are as follows:**

<b>Year Three – 1999</b>	<b>11 Points</b>
<b>Year Four – 2000</b>	<b>10 Points</b>
<b>Year Five – 2001</b>	<b>11 Points</b>

## **Small Business Lending**

### ***Small Business Loans \$100,000 or less***

Section I subsection B-1 (a) of The Plan established a goal that 65.0 percent of the total number of small business loans granted within Peoples Savings Bank's assessment area be in amounts of \$100,000 or less in order to receive an "Outstanding" rating. If such a goal is achieved under The Plan, then the bank receives 4 points.

For a "Satisfactory" rating, the bank must achieve 55.0 percent of the total number of its small business lending in amounts of \$100,000 or less inside the assessment area. If such a goal is achieved under The Plan, then the bank receives 3 points.

In year three, Peoples Savings Bank granted 91 small business loans to businesses in amounts of \$100,000 or less within its assessment area. The bank granted 117 small business loans in year four and 106 small business loans in year five in amounts of \$100,000 or less.

The following table reflects Peoples Savings Bank's performance in this area.

<b>Small Business Lending by Loan Size for Years Three Through Five</b>			
	<b>Year Three - 1999</b>	<b>Year Four - 2000</b>	<b>Year Five – 2001</b>
	<b>Percent by Number</b>	<b>Percent by Number</b>	<b>Percent by Number</b>
<b>\$100,000 or Less</b>	<b>70.0</b>	<b>73.6</b>	<b>72.1</b>
<b>Points Achieved</b>	<b>4</b>	<b>4</b>	<b>4</b>

Source: CRA Reports, CRA Wiz

As indicated, Peoples Savings Bank achieved an "Outstanding" rating for each of the periods reviewed under The Plan.

### ***Small Business Lending by Revenue***

Section I subsection B-1 (b) of The Plan established a goal that 60.0 percent of the total number of small business loans granted within Peoples Savings Bank's assessment area be to companies with gross revenues below \$1,000,000 in order to receive an "Outstanding" rating. If such a goal is achieved under The Plan, then the bank receives 4 points.

For a "Satisfactory" rating, the bank must achieve 50.0 percent of the total number of its small business lending to companies with gross revenues below \$1,000,000 from inside the assessment area. If such a goal is achieved under The Plan, then the bank receives 3 points.

In year three, Peoples Savings Bank granted 96 small business loans to businesses within its assessment area with revenues of less than \$1,000,000. The bank granted 104 small business loans in year four and 105 small business loans in year five to this business segment within its assessment area.

The following table reflects Peoples Savings Bank's performance in this area.

<b>Small Business Lending by Business Revenue for Years Three Through Five</b>			
	<b>Year Three - 1999</b>	<b>Year Four - 2000</b>	<b>Year Five – 2001</b>
	<b>Percent by Number</b>	<b>Percent by Number</b>	<b>Percent by Number</b>
<b>\$1,000,000 or Less</b>	<b>73.9</b>	<b>65.4</b>	<b>71.4</b>
<b>Points Achieved</b>	<b>4</b>	<b>4</b>	<b>4</b>

Source: CRA Reports, CRA Wiz

As indicated, Peoples Savings Bank achieved an "Outstanding" rating for each of the periods reviewed under The Plan.

### ***Loans Within the Assessment Area***

Section I subsection B-1 (c) of The Plan established a goal of 70.0 percent of the total number of small business loans granted within Peoples Savings Bank's assessment area as a percentage of the bank's total small business lending in order to receive an "Outstanding" rating. If such a goal is achieved under The Plan, then the bank receives 4 points.

For a "Satisfactory" rating, the bank must achieve 60.0 percent of the total number of its small business loans inside the assessment area as a percentage of the bank's total small business lending. If such a goal is achieved under The Plan, then the bank receives 3 points.

In year three, Peoples Savings Bank granted 130 small business loans within its assessment area. The bank granted 159 small business loans in year four and 147 small business loans in year five within its assessment area.

The following table reflects Peoples Savings Bank's performance in this area.

<b>Small Business Lending Inside Vs Outside the Assessment Area for Years Three Through Five</b>			
	<b>Year Three – 1999</b>	<b>Year Four - 2000</b>	<b>Year Five – 2001</b>
	<b>Percent by Number</b>	<b>Percent by Number</b>	<b>Percent by Number</b>
<b>Inside</b>	<b>82.8</b>	<b>80.3</b>	<b>85.5</b>
Outside	17.2	19.7	14.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Points Achieved</b>	<b>4</b>	<b>4</b>	<b>4</b>

Source: CRA Reports, CRA Wiz

As indicated, Peoples Savings Bank achieved an "Outstanding" rating for years three, four, and five under The Plan.

**Total points achieved under Section I subsection B of The Plan are as follows:**

<b>Year Three - 1999</b>	<b>12 Points</b>
<b>Year Four - 2000</b>	<b>12 Points</b>
<b>Year Five - 2001</b>	<b>12 Points</b>

## **Consumer Lending**

### ***Loans Within the Assessment Area***

Section I subsection C-1 (a) of The Plan established a goal of 70.0 percent of the total number of unsecured consumer loans granted within Peoples Savings Bank's assessment area in order to receive an "Outstanding" rating. If such a goal is achieved under The Plan, then the bank receives 4 points.

For a "Satisfactory" rating, the bank must achieve 50.0 percent of the total number of its unsecured consumer loans granted inside the assessment area. If such a goal is achieved under The Plan, then the bank receives 3 points.

In year three, Peoples Savings Bank granted a total of 329 unsecured consumer loans, of which 288 were within its assessment area. In year four, the bank granted a total of 407 consumer loans, of which 364 were within its assessment area. In year five, Peoples Savings Bank granted 485 unsecured consumer loans, of which 420 were within its assessment area.

The following table reflects Peoples Savings Bank's performance in this area.

<b>Unsecured Consumer Lending Inside Vs Outside the Assessment Area for Years Three Through Five</b>			
	<b>Year Three – 1999</b>	<b>Year Four - 2000</b>	<b>Year Five – 2001</b>
	<b>Percent by Number</b>	<b>Percent by Number</b>	<b>Percent by Number</b>
<b>Inside</b>	<b>87.5</b>	<b>89.4</b>	<b>86.6</b>
<b>Outside</b>	<b>12.5</b>	<b>10.6</b>	<b>13.4</b>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Points Achieved</b>	<b>4</b>	<b>4</b>	<b>4</b>

Source: Internally Generated Reports

As indicated, Peoples Savings Bank achieved an "Outstanding" rating for years three, four and five under The Plan.

### ***Loans to Low and Moderate-income Borrowers***

Section I subsection C-1 (b) of The Plan established a goal of 60.0 percent of the total number of unsecured consumer loans granted to borrowers of low and moderate income within Peoples Savings Bank's assessment area in order to receive an "Outstanding" rating. If such a goal is achieved under The Plan, then the bank receives 5 points.

For a "Satisfactory" rating, the bank must make 40.0 percent of the total number of its unsecured consumer loans granted to borrowers of low and moderate-income inside the assessment area. If such a goal is achieved under The Plan, then the bank receives 3 points.

In year three, Peoples Savings Bank granted 195 unsecured consumer loans to borrowers of low and moderate-income within its assessment area. The bank granted 172 loans and 176 loans to low and moderate-income borrowers within its assessment area in years four and five, respectively.

The following table reflects Peoples Savings Bank's performance in this area.

<b>Unsecured Consumer Lending to Low and Moderate-Income Borrowers for Years Three Through Five</b>			
<b>Incomes</b>	<b>Year Three – 1999</b>	<b>Year Four - 2000</b>	<b>Year Five – 2001</b>
	<b>Percent by Number</b>	<b>Percent by Number</b>	<b>Percent by Number</b>
<b>Low</b>	<b>38.5</b>	<b>25.6</b>	<b>21.9</b>
<b>Moderate</b>	<b>29.2</b>	<b>21.7</b>	<b>20.0</b>
<b>Combined</b>	<b>67.7</b>	<b>47.3</b>	<b>41.9</b>
<b>Points Achieved</b>	<b>5</b>	<b>3</b>	<b>3</b>

Source: Internally Generated Reports

In the fall of 2001, Peoples Savings Bank began utilizing a credit-scoring program for its overdraft protection loans. As a result, borrower income is no longer collected for these types of loans. In 2001, the bank granted 28 overdraft protection loans utilizing this credit-scoring system, which represents 6.7 percent of the bank's entire unsecured consumer lending for that year.

However, as indicated, Peoples Savings Bank achieved an "Outstanding" rating in year three, and a "Satisfactory" rating in years four and five of The Plan.

### ***Loans to Low and Moderate-income Census Tracts***

Section I subsection C-1 (c) of The Plan established a goal of 20.0 percent of the total number of unsecured consumer loans granted to low and moderate-income census tracts within Peoples Savings Bank's assessment area in order to receive an "Outstanding" rating. If such a goal is achieved under The Plan, then the bank receives 5 points.

For a "Satisfactory" rating, the bank must achieve 15.0 percent of the total number of its unsecured consumer loans granted in low and moderate-income census tracts inside the assessment area. If such a goal is achieved under The Plan, then the bank receives 3 points.

In year three, Peoples Savings Bank granted 74 unsecured consumer loans to the low and moderate-income census tracts within its assessment area. The bank granted 54 loans and 30 loans in this category to the low and moderate-income census tracts within its assessment area in years four and five, respectively.

The following table reflects Peoples Savings Bank's performance in this area.

<b>Unsecured Consumer Lending to Low and Moderate-Income Census Tracts for Years Three Through Five</b>			
<b>Census Tracts</b>	<b>Year Three – 1999</b>	<b>Year Four - 2000</b>	<b>Year Five – 2001</b>
	<b>Percent by Number</b>	<b>Percent by Number</b>	<b>Percent by Number</b>
<b>Low</b>	<b>20.5</b>	<b>9.9</b>	<b>5.7</b>
<b>Moderate</b>	<b>5.2</b>	<b>4.9</b>	<b>1.4</b>
<b>Combined</b>	<b>25.7</b>	<b>14.8</b>	<b>7.1</b>
<b>Points Achieved</b>	<b>5</b>	<b>3</b>	<b>0</b>

Source: Internally Generated Reports

As indicated, Peoples Savings Bank achieved an "Outstanding" rating in year three, and substantially met the "Satisfactory" rating in year four, but failed to reach either benchmark in year five. Therefore, no points were ascribed in that year.

For the period reviewed, the bank's unsecured loan originations decreased by 45.6 percent. Conversely, the bank's Overdraft Protection Line of Credit originations increased by 269.5 percent. From 1999 through 2000, the bank's overdraft product originations increased by 130.5 percent. In the summer of 2000, the bank initiated a campaign to cross-sell its checking/Overdraft Protection Line of Credit accounts. From 2000 through 2001, the overdraft product originations increased by 60.3 percent.

As indicated in the Performance Context portion of this Public Evaluation, 76.2 percent of Peoples Savings Bank assessment area is comprised of middle and upper-income census tracts. Given the growth rates experienced by the Overdraft Protection Line of Credit product, it is reasonable that the majority of those originations would occur within those tracts.

**Total points achieved under Section I subsection C of The Plan are as follows:**

<b>Year Three - 1999</b>	<b>14 Points</b>
<b>Year Four – 2000</b>	<b>10 Points</b>
<b>Year Five – 2001</b>	<b>7 Points</b>

### **Innovative and Flexible Loans**

#### ***HMDA Reportable Lending***

Section I subsection D-1 (a & b) of The Plan established goals for an “Outstanding” rating (6 points) as follows:

- Maintain at least the flexibility on loan sales to Federal Home Loan Mortgage Corporation (FHLMC) or Federal National Mortgage Association (FNMA) plus the criteria for lending to Massachusetts Housing Finance Agency (MHFA) programs;
- Continue to offer mortgages with no minimum amount;
- Continue to offer the Fixed Payment Mortgage, an adjustable rate mortgage with caps set to permit the same dollar amount of monthly payment while the amount of interest and principal change, with a resultant change in the maturity date of the loan;
- Provide out-of-office originators to meet customers at their home or place of work;
- Continue lending policy to offer loans to be held in portfolio with higher housing debt to income and all debt to income ratios than are offered by FHLMC or FNMA (e.g. aforementioned Fixed Payment Mortgage product offers ratios of up to 33/38 percent, substantially above FHLMC ratios of 28/36 percent); and
- Continue to offer First Time Homebuyer mortgage products with housing/income ratios of 33/38 percent with a no points option, up to 95 percent loan-to-value with a 2 percent gift option on the down payment, and up to \$1,500 of the closing costs are absorbed by the bank.

Peoples Savings Bank has continued to offer the above-mentioned loan programs and implemented the above policies necessary to achieve a rating under the plan. Peoples Savings Bank has met its goals to receive an “Outstanding” rating under Section I subsection D of The Plan as it relates to its Innovative and Flexible HMDA reportable lending products in years three, four, and five under The Plan.

## ***Consumer Lending***

Section I subsection D-2 (a & b) of The Plan established goals for an “Outstanding” rating (3 points) as follows:

- Allow maximum total debt/income ratios acceptable under standard FHLMC or FNMA programs;
- Continue to offer the Advantage Line of Credit, an unsecured line of credit permitting borrowings of less than \$1,000; and
- Reliance on substantially wider variety of credit indicators than are acceptable under the FHLMC or FNMA programs (e.g. reliance on: rent payment history, utility payment history, evidence of receipt of some form of public assistance, etc.).

Peoples Savings Bank has met its goals to receive an “Outstanding” rating under Section I subsection D of The Plan as it relates to its Innovative and Flexible consumer lending products in years three, four, and five under The Plan.

**Total points achieved under Section I subsection D of The Plan are as follows:**

<b>Year Three - 1999</b>	<b>9 Points</b>
<b>Year Four – 2000</b>	<b>9 Points</b>
<b>Year Five – 2001</b>	<b>9 Points</b>

### **Community Development Loans**

Section I subsection E-2 of The Plan stipulates the bank shall originate at least two community development loans of at least \$200,000 over a rolling two year average to receive an “Outstanding” rating (5 points).

<b>Community Development Lending for Years Three Through Five</b>			
	<b>Year Three – 1999</b>	<b>Year Four - 2000</b>	<b>Year Five – 2001</b>
<b>Number of Loans</b>	<b>5</b>	<b>6</b>	<b>11</b>
<b>Total Dollar Volume (000)</b>	<b>593,975</b>	<b>593,000</b>	<b>493,199</b>
<b>Rolling Average (000)*</b>	<b>472,672</b>	<b>593,488</b>	<b>543,100</b>
<b>Points Achieved</b>	<b>5</b>	<b>5</b>	<b>5</b>

\* The rolling average is calculated by utilizing the previous year's dollar volume plus the current year's dollar volume divided by two. The dollar volume utilized in the previous year (1998) calculation for year three's rolling average was \$351,369.

**Total points achieved under Section I subsection E of The Plan are as follows:**

<b>Year Three - 1999</b>	<b>5 Points</b>
<b>Year Four – 2000</b>	<b>5 Points</b>
<b>Year Five – 2001</b>	<b>5 Points</b>

### **Overall Lending**

Section I subsection F (1 & 2) of The Plan stipulates that the bank shall have a gross loan to total deposit ratio of at least 70.0 percent (3 points) and at least 70.0 percent of all loans must be from within its assessment area to receive an “Outstanding” rating (1 point).

For a “Satisfactory” rating, the bank must have a gross loan to total deposit ratio of at least 65.0 percent (1 point) and at least 60.0 percent of all loans must be from within its assessment area (1 point).

The following table reflects the gross loan to total deposit ratio under years three, four, and five of The Plan.

<b>Gross Loan to Deposit Ratios for Years Three Through Five*</b>			
	<b>Year Three – 1999</b>	<b>Year Four – 2000</b>	<b>Year Five – 2001</b>
<b>Gross Loans (000)</b>	<b>414,956</b>	<b>470,684</b>	<b>493,057</b>
<b>Total Deposits (000)</b>	<b>455,227</b>	<b>496,719</b>	<b>492,494</b>
<b>Gross Loan to Deposit Ratio</b>	<b>91.2</b>	<b>94.8</b>	<b>100.1</b>
<b>Points Achieved</b>	<b>3</b>	<b>3</b>	<b>3</b>

\* Source: Bank Reports of Condition.

The following table reflects Peoples Savings Bank's number of loans by percentage from within its assessment area under years three, four, and five of The Plan.

<b>Inside Assessment Area Lending By Percentage for Years Three Through Five*</b>			
	<b>Year Three – 1999</b>	<b>Year Four – 2000</b>	<b>Year Five – 2001</b>
<b>HMDA Reportable Loans</b>	<b>77.8</b>	<b>65.2</b>	<b>70.3</b>
<b>Small Business Loans</b>	<b>82.8</b>	<b>80.3</b>	<b>85.5</b>
<b>Consumer Loans</b>	<b>87.5</b>	<b>89.4</b>	<b>86.6</b>
<b>Points Achieved</b>	<b>1</b>	<b>1</b>	<b>1</b>

\* Source: CRA Wiz, Internally Generated Reports.

**Total points achieved under Section I subsection F of The Plan are as follows:**

<b>Year Three - 1999</b>	<b>4 Points</b>
<b>Year Four – 2000</b>	<b>4 Points</b>
<b>Year Five – 2001</b>	<b>4 Points</b>

### **Fair Lending Policies and Practices**

In addition to a review of Peoples Savings Bank's performance under The Plan, a review of the bank's Fair Lending Policies and Practices was also performed pursuant to the guidelines of the Division of Banks' Regulatory Bulletin 2.3-101.

The bank has a satisfactory record of implementing fair lending policies and practices. The following discussion is based on the guidelines of the Division of Banks' Regulatory Bulletin 2.3-101.

The bank employs a total of 206 individuals. Among the bank's staff there are 42 bilingual employees; one-half of who are bilingual in Spanish. Other second languages spoken include Polish, Portuguese, and French. The bank has sent staff members to various seminars offered by the Massachusetts Banker Association or the Community

Bank League of New England. The materials and topics covered are then shared and reviewed at staff departmental meetings. Annually, the bank's CRA officer provides a CRA training session and video to all the bank's public contact employees.

Peoples Savings Bank has established relationships with local and statewide organizations, dealing with credit, housing, or economic development issues. The bank sponsored three homebuyer training series presented by Hampden Hampshire Housing Partnership (HAP, Inc) during the period reviewed. These MHFA certified training series were offered free of charge with participants receiving a training certificate. In addition, the bank co-sponsored and participated in the Holyoke Homebuyers Fair in June 2000. The bank has the opportunity to market its first homebuyer mortgage products through its involvement with these programs.

A second lending officer reviews all denied consumer and mortgage loan applications. The bank's internal auditors annually test the institution's technical compliance with the Equal Credit Opportunity Act (ECOA) and the bank's own internal monitoring procedures.

### **Minority Application Flow**

As the following table details, Peoples Savings Bank received a total of 117 minority applications from within its assessment area. The bank's minority applications represented 8.0 percent of the total applications received during the years 1999, 2000, and 2001. Additionally, the bank's minority application flow for year 2000 was compared to the HMDA aggregate lenders within the bank's assessment area for that year. There were 268 lenders reporting mortgage-lending activity in 2000. These HMDA aggregate lenders received 734 minority applications representing 6.2 percent of the total applications (11,878) received. In comparison, Peoples Savings Bank's minority applicants represented 9.2 percent of all applications received in 2000.

Refer to the following.

MINORITY APPLICATION FLOW*								
RACE	1999		2000		2001		TOTAL	
	#	%	#	%	#	%	#	%
Native American	0	0.0	1	0.3	1	0.2	2	0.1
Asian	5	1.1	1	0.3	8	1.3	14	1.0
Black	3	0.7	1	0.3	6	1.0	10	0.7
Hispanic	16	3.5	17	4.3	20	3.3	53	3.6
Joint Race	5	1.1	12	3.0	8	1.3	25	1.7
Other	6	1.3	4	1.0	3	0.5	13	0.9
<b>Total Minority</b>	<b>35</b>	<b>7.7</b>	<b>36</b>	<b>9.2</b>	<b>46</b>	<b>7.6</b>	<b>117</b>	<b>8.0</b>
White	409	90.1	358	89.7	550	90.9	1,317	90.3
NA	10	2.2	5	1.1	9	1.5	24	1.7
<b>Total</b>	<b>454</b>	<b>100.0</b>	<b>399</b>	<b>100.0</b>	<b>605</b>	<b>100.0</b>	<b>1,458</b>	<b>100.0</b>

Source: HMDA LAR – CRA Wiz

The institution's minority application flow was also compared to the assessment area's racial composition. As of the 1990 US Census, the assessment area's population was 330,566 residents of which 33,518 individuals or 10.1 percent were members of a racial minority. Given the racial composition and the HMDA aggregate application data, the bank's level of attracting minority applicants is considered to be more than reasonable.

### **RECAP-LENDING TEST**

#### **Derivation of Rating Under The Plan-Years Three, Four, and Five**

The following table reflects Peoples Savings Bank's ascribed points for both a "Satisfactory" and an "Outstanding" rating under The Plan as well as the points achieved by the bank under its 1999, 2000, and 2001 Lending Test performance.

<b>Lending Performance Under Section I Of The Plan- Years Three, Four, and Five</b>					
<b>A. HMDA Reportable Lending</b>					
	<b>Satisfactory Points</b>	<b>Outstanding Points</b>	<b>Points Achieved</b>		
			<b>1999</b>	<b>2000</b>	<b>2001</b>
1. Loans Within Assessment Area	3	4	4	3	4
2. Loans to Low and Moderate-income Borrowers	3	5	3	3	3
3. Loans in Low and Moderate-income Census Tracts	3	4	4	4	4
<b>B. Small Business Lending</b>					
1a. Loans \$100,000 or Under in the Assessment Area	3	4	4	4	4
1b. Loans to Companies With Annual Gross Revenues of \$1 Million or Less	3	4	4	4	4
1c. Ratio of Total Small Business Loans Within the Assessment Area to Total Small Business Loans	3	4	4	4	4
<b>C. Consumer Lending</b>					
1a. Loans Within the Assessment Area	3	4	4	4	4
1b. Loans to Low and Moderate-income Borrowers	3	5	5	3	3
1c. Loans in Low and Moderate-income Census Tracts	3	5	5	3	0
<b>D. Innovative and Flexible Lending</b>					
1. HMDA Reportable Lending	3	6	6	6	6
2. Consumer Lending	2	3	3	3	3
<b>E. Community Development Loans</b>					
Community Development Lending	3	5	5	5	5
<b>F. Overall Lending</b>					
1. Gross Loan to Total Deposit Ratios	1	3	3	3	3
2. Level of Total Lending Within the Assessment Area	1	1	1	1	1
<b>TOTAL POINTS</b>	<b>37</b>	<b>57</b>	<b>55</b>	<b>50</b>	<b>48</b>
<b>TOTAL POINTS REQUIRED FOR RATING</b>	<b>30</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>

Based upon the above information, Peoples Savings Bank's performance under the Lending Test of The Plan is rated "Outstanding" in each of the three years reviewed.

## INVESTMENT TEST

### INVESTMENT GOALS

The following reflects Peoples Savings Bank's performance in years three, four and five of The Plan regarding the attainment of its Investment Goals.

The Plan Goals	Actual Performance
<p>Section II subsection A-2 of The Plan established a goal for an "Outstanding" rating of new investments averaging \$200,000 per year averaged over each consecutive two year period in the five year plan (5 points).</p> <p>For a "Satisfactory" the bank established a goal of \$100,000 in new investments per year averaged over each consecutive two-year period (3 points).</p>	<p>In 1999, Peoples Savings Bank's new CRA qualified investment was \$500,000 to the Massachusetts Housing Equity Fund 1999 Limited Partnership. In 2001, the bank invested \$9,443,212 in four targeted mortgage backed securities pools, and a \$175,000 investment in a Small Business Investment Company. The bank had no new CRA qualified investments in 2000. Based upon the rolling two year averaging the banks qualified investments were \$250,000 in 1999, \$250,000 in 2000, and \$4,809,106 in 2001.</p>
<p>Section II subsection B-2 of The Plan established a goal for an "Outstanding" rating of cash contributions to CRA qualified groups to represent .0154 percent of Peoples Savings Bank's average total assets (5 points).</p> <p>For a "Satisfactory" the bank established a goal of cash contributions to CRA qualified groups to representing .0132 percent of the bank's average total assets (3 points).</p>	<p>In 1999, the bank made \$175,948 in cash contributions to qualified organizations representing 0.0303 percent of the bank's average total assets. In 2000, the bank made \$142,435 in cash contributions representing 0.0221 percent of the bank's average total assets. In 2001, the bank made \$173,630 in cash contributions representing 0.0234 percent of the bank's average total assets.</p>

The following table reflects Peoples Savings Bank's qualified investments under years three, four, and five of The Plan.

<b>Qualified Investments for Years Three Through Five</b>			
	<b>Year Three – 1999</b>	<b>Year Four – 2000</b>	<b>Year Five – 2001</b>
<b>Dollars Invested</b>	<b>500,000</b>	<b>0</b>	<b>9,618,212</b>
<b>Rolling Average (000)*</b>	<b>250,000</b>	<b>250,000</b>	<b>4,809,106</b>
<b>Points Achieved</b>	<b>5</b>	<b>5</b>	<b>5</b>

\* The rolling average is calculated by utilizing the previous year's dollar volume plus the current year's dollar volume divided by two. The dollar volume utilized in the previous year (1998) calculation for year three's rolling average was \$0.

The following table reflects Peoples Savings Bank's qualified cash contributions under years three, four, and five of The Plan.

<b>Qualified Contributions for Years Three Through Five</b>			
	<b>Year Three – 1999</b>	<b>Year Four – 2000</b>	<b>Year Five – 2001</b>
<b>Dollars Contributed</b>	<b>175,948</b>	<b>142,435</b>	<b>173,630</b>
<b>Percent of Avg. Assets</b>	<b>0.0303</b>	<b>0.0221</b>	<b>0.0234</b>
<b>Points Achieved</b>	<b>5</b>	<b>5</b>	<b>5</b>

\* Source: Internally Generated Reports.

**Total points achieved under Section II subsections A and B of The Plan are as follows:**

<b>Year Three - 1999</b>	<b>10 Points</b>
<b>Year Four – 2000</b>	<b>10 Points</b>
<b>Year Five – 2001</b>	<b>10 Points</b>

## **RECAP-INVESTMENT TEST**

### **Derivation of Rating under The Plan - Years Three, Four, and Five**

The following table reflects Peoples Savings Bank's ascribed points for both a "Satisfactory" and an "Outstanding" rating under The Plan as well as the points achieved by the bank under its 1999, 2000, and 2001 Investment Test performance.

Investment Test Performance under Section II of The Plan- Years Three, Four, and Five					
A. CRA Qualified Investments					
	Satisfactory Points	Outstanding Points	Points Achieved		
			1999	2000	2001
CRA Qualified Investments	3	5	5	5	5
B. Cash Contributions					
Qualified Cash Contributions	3	5	5	5	5
<b>TOTAL POINTS</b>	<b>6</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>TOTAL POINTS REQUIRED FOR RATING</b>	<b>6</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>

Based upon the above information, Peoples Savings Bank's performance under the Investment Test is rated "Outstanding".

## SERVICE TEST

### SERVICE GOALS

#### Retail Services

The following reflects Peoples Savings Bank's performance in years three, four, and five of The Plan regarding the attainment of its Service Goals.

The Plan Goals	Actual Performance
<p>Section III subsection A-1 established a rating of "Outstanding" if the bank maintains its current hours of operation at all branches except for the Main Office which may have its longest day hours reduced when a 24 hour ATM is added (3 points).</p> <p>For a "Satisfactory rating" the bank must maintain the current number of hours (2 points).</p>	<p>In 1999, the bank achieved an "Outstanding" rating for maintaining its branch hours as established in year one (1997) of The Plan. In January 2000, Peoples Savings Bank reduced its hours in the branches that existed at the outset of The Plan by one hour on Thursdays. Therefore, no rating was ascribed in 2000 or 2001.</p>
<p>Section III subsection A-2 established a rating of "Outstanding" if the bank maintains its current days of customer access at all branches (3 points).</p> <p>For a "Satisfactory" the days of customer access will be at least those currently offered at one branch in each municipality (2 points).</p>	<p>During years 1999, 2000, and 2001, the days of customer access did not decrease.</p>

Although Peoples Savings Bank reduced its hours on Thursday evenings at its five original branches, it has added customer service enhanced products not offered under The Plan. In April 1998, the bank began offering 24-hour telephone banking. In July 2000, the bank added Internet banking to its customer service products.

The Plan Goals	Actual Performance
<p>Section III subsection A-3 (a) established, for an “Outstanding” rating, a goal of no minimum balance requirement on Peoples Savings Bank’s basic checking account with a \$3 per month fee for up to 10 cleared checks and/or ATM access (4 points); (b) A goal of 1,300 customers using this account and an increase of 100 customers annually (5 points); (c) Training through Massachusetts Community and Banking Council (MCBC) for customer contact staff to familiarize the public with its basic banking program ( 1 point). A total of 10 points will warrant an “Outstanding” rating.</p>	<p>Peoples Savings Bank continues to maintain a basic checking account that meets The Plan goals. In 1999, the bank had 3,181 basic checking accounts and opened 1,454 new accounts. In 2000, the bank had 5,398 basic checking accounts and opened 2,217 new accounts. In 2001, the bank had 6,919 basic checking accounts and opened 1,521 new accounts. Training through the MCBC for customer contact is ongoing.</p>
<p>Section III subsection A-3 (b-2) states that the bank will offer free checking with no minimum balance and unlimited check writing to non-profit organizations in the bank’s assessment area to receive an “Outstanding” rating (3 points).</p>	<p>The bank continues to offer free checking accounts for non-profit organizations that are designated as a 501C-3 organization by the Internal Revenue Service.</p>
<p>Section III subsection A-4 (b) I states that there will be at least seven ATMs, with one located in a low-income census tract. II - Also, there will be no surcharge imposed by Peoples Savings Bank on any transaction by customers of other banks in the Massachusetts Banking Association (MBA) ATM alliance (5 points).</p>	<p>In 1999, Peoples Savings Bank maintained fifteen 24 hour ATMs with two in low-income census tracts and two in moderate-income tracts. In 2000, the bank added an additional five ATMs and in 2001 added two ATMs and one money-dispensing only ATM at the Westover Air Base in Chicopee. None of the newly added ATMs are in low and/or moderate-income census tracts. The bank continues to provide ATM service to its customers at any of its ATMs without a surcharge.</p>

The following table reflects Peoples Savings Bank's performance in years three, four, and five of The Plan regarding the attainment of its Service Goals under Section III subsection A.

<b>Section III –A Service Goals For Years Three Through Five</b>			
	<b>Year Three – 1999</b>	<b>Year Four – 2000</b>	<b>Year Five – 2001</b>
<b>Hours of Operation</b>	<b>3</b>	<b>0</b>	<b>0</b>
<b>Customer Access</b>	<b>3</b>	<b>3</b>	<b>3</b>
<b>Basic Checking (BC)</b>	<b>4</b>	<b>4</b>	<b>4</b>
<b>BC- Additional Customers</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>MCBC Training</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Non-Profits Checking</b>	<b>3</b>	<b>3</b>	<b>3</b>
<b>Available ATMs</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>Points Achieved</b>	<b>24</b>	<b>21</b>	<b>21</b>

### **Community Development Services**

<b>The Plan Goals</b>	<b>Actual Performance</b>
<p>For an "Outstanding" rating under Section III subsection B-2 (a), Peoples Savings Bank officers will provide professional volunteer service of at least 80 hours to community service organizations. (b) Continue to service Holyoke Economic Development Industrial Corporation (HEDIC) loans free as long as those loans are outstanding. (c) Offer or participate in at least one First Time Homebuyer and one credit counseling session each year with a bi-lingual translator. (d) Have bank representation on the Board of Directors of Community Development Corporations (CDC) in the assessment area, as long as elected. An "Outstanding" rating receives 11 points.</p>	<p>Peoples Savings Bank's officers have provided 259.70, 314.25, and 276.50 hours of qualified professional volunteer service to organizations in 1999, 2000, and 2001, respectively. Peoples Savings Bank continues to service HEDIC loans free. The bank has also participated in First Time Homebuyer and other credit related seminars in each of the three years reviewed (refer to the Fair Lending portion of this Public Evaluation). Peoples Savings Bank's continues to have representation on the Board of Directors of CDCs in its assessment area, as long as elected.</p>

The following table reflects Peoples Savings Bank's performance in years three, four, and five of The Plan regarding the attainment of its Service Goals under Section III subsection B.

<b>Section III –B Service Goals for Years Three Through Five</b>			
	<b>Year Three – 1999</b>	<b>Year Four – 2000</b>	<b>Year Five – 2001</b>
<b>Volunteer Hours</b>	<b>3</b>	<b>3</b>	<b>3</b>
<b>Service HEDIC Loans</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Homebuyer Seminars</b>	<b>3</b>	<b>3</b>	<b>3</b>
<b>Board Representation</b>	<b>4</b>	<b>4</b>	<b>4</b>
<b>Points Achieved</b>	<b>11</b>	<b>11</b>	<b>11</b>

Total points achieved under Section III subsections A and B of The Plan are as follows:

<b>Year Three - 1999</b>	<b>35 Points</b>
<b>Year Four – 2000</b>	<b>32 Points</b>
<b>Year Five – 2001</b>	<b>32 Points</b>

### **RECAP-SERVICE TEST**

#### **Derivation of Rating under The Plan - Years Three, Four, and Five**

The following table reflects Peoples Savings Bank's ascribed points for both a "Satisfactory" and an "Outstanding" rating under The Plan as well as the points achieved by the bank under its 1999, 2000, and 2001 Service Test performance.

<b>Service Test Performance under Section III of The Plan - Years Three, Four and Five</b>					
<b>A. Branch Services</b>					
	<b>Satisfactory Rating</b>	<b>Outstanding Rating</b>	<b>Points Achieved</b>		
			<b>1999</b>	<b>2000</b>	<b>2001</b>
1. Hours of Operation	2	3	3	0	0
2. Days of Customer Access	2	3	3	3	3
3. Basic Checking:					
a. Individual	8	10	10	10	10
b. Non-profit Organization	2	3	3	3	3
4. ATM's:					
a. Number	2	3	3	3	3
b. No Surcharge	2	2	2	2	2
<b>B. Community Development Service</b>					
2. Community Development Service					
a. Volunteer Hours	3	3	3	3	3
b. Servicing of HEDIC Loans		1	1	1	1
c. Homebuyer Seminars Sponsored		3	3	3	3
d. CDC Board Representation		4	4	4	4
<b>TOTAL POINTS</b>	<b>21</b>	<b>35</b>	<b>35</b>	<b>32</b>	<b>32</b>
<b>TOTAL POINTS REQUIRED FOR RATING</b>	<b>16</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>

Based upon the above information, Peoples Savings Bank's performance under the Service Test is rated "Outstanding".

## **SCOPE OF EXAMINATION**

Peoples Savings Bank elected to be evaluated under the Strategic Plan (The Plan) option for the Community Reinvestment Act. The Division of Banks approved The Plan on April 18, 1997. The Federal Deposit Insurance Corporation (FDIC) approval came on April 21, 1997. The Plan sets forth goals for “Satisfactory” and “Outstanding” performance for five consecutive years commencing January 1, 1997. This evaluation covers years three, four, and five, of The Plan or the period from January 1, 1999 through December 31, 2001.

Please refer to the main text of this Public Evaluation for the scope of The Plan as evaluated under the final three years.

In addition, a recap of Peoples Savings Bank’s overall performance from January 1, 1997 through December 31, 2001 of The Plan is also provided (see addendum II).

**ADDENDUM II**  
**Performance Over Five Years of The Plan**

**RECAP - Derivation of Rating for all Five Years under The Plan (Lending Test).**

The following table reflects Peoples Savings Bank's ascribed points for both a "Satisfactory" and an "Outstanding" rating under The Plan as well as the points achieved by the bank from 1997 through 2001 for its Lending Test performance.

<b>Lending Test Performance under Section III of The Plan- all Five Years</b>							
<b>A.HMDA Reportable Lending</b>							
	<b>Satisfactory Rating</b>	<b>Outstanding Rating</b>	<b>Points Achieved</b>				
			<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
1. Loans Within Assessment Area (AA)	3	4	4	4	4	3	4
2. Loans to Low and Moderate-income Borrowers	3	5	5	5	3	3	3
3. Loans in Low and Moderate-income Census Tracts	3	4	4	4	4	4	4
<b>B. Small Business Lending</b>							
1a. Loans \$100,000 or Under in AA	3	4	4	3	4	4	4
1b. Loans to Companies With Annual Gross Revenues of \$1 Million or Less	3	4	4	4	4	4	4
1c. Ratio of Total Small Business Loans Within AA to Total Small Business Loans	3	4	4	4	4	4	4
<b>C. Consumer Lending</b>							
1a. Loans Within AA	3	4	4	4	4	4	4
1b. Loans to Low and Moderate-income Borrowers	3	5	5	5	5	3	3
1c. Loans in Low and Moderate-income Census Tracts	3	5	5	5	5	3	0
<b>D. Innovative and Flexible Lending</b>							
1. HMDA Reportable Lending	3	6	6	6	6	6	6
2. Consumer Lending	2	3	3	3	3	3	3
<b>E. Community Development Lending</b>							
Community Development Lending	3	5	5	5	5	5	5
<b>F. Overall Lending</b>							
1. Gross Loan to Deposit Ratios	1	3	3	3	3	3	3
2. Level of Total Lending Within AA	1	1	1	1	1	1	1
<b>TOTAL POINTS</b>	<b>37</b>	<b>57</b>	<b>57</b>	<b>56</b>	<b>55</b>	<b>50</b>	<b>48</b>
<b>TOTAL POINTS REQUIRED FOR RATING</b>	<b>30</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>

As indicated, Peoples Savings Bank's Lending Test performance for the five years under The Plan has been rated an "Outstanding"

**Derivation of Rating for all Five Years under The Plan (Investment Test).**

<b>Investment Test Performance under Section II of The Plan - all Five Years</b>							
<b>A. CRA Qualified Investments</b>							
	<b>Satisfactory Points</b>	<b>Outstanding Points</b>	<b>Points Achieved</b>				
			<b>1997</b>	<b>1998 *</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
CRA Qualified Investments	3	5	5	3	5	5	5
<b>B. Cash Contributions</b>							
Qualified Cash Contributions	3	5	5	5	5	5	5
<b>TOTAL POINTS</b>	<b>6</b>	<b>10</b>	<b>10</b>	<b>8</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>TOTAL POINTS REQUIRED FOR RATING</b>	<b>6</b>	<b>10</b>	<b>10</b>	<b>8*</b>	<b>10</b>	<b>10</b>	<b>10</b>

\* Denote a "High Satisfactory" Rating.

As indicated, Peoples Savings Bank Investment Test performance has attained an "Outstanding" rating in four out of the five years under The Plan

### Derivation of Rating for all Five Years under The Plan (Service Test)

Service Test Performance under Section III of The Plan - all Five Years							
A. Branch Services							
	Satisfactory Rating	Outstanding Rating	Points Achieved				
			1997	1998	1999	2000	2001
1. Hours of Operation	2	3	3	3	3	0	0
2. Days of Customer Access	2	3	3	3	3	3	3
3. Basic Checking:							
a. Individual	8	10	10	10	10	10	10
b. Non-profit Organization	2	3	3	3	3	3	3
4. ATM's:							
a. Number	2	3	3	3	3	3	3
b. No Surcharge	2	2	2	2	2	2	2
B. Community Development Service							
2. Community Development Service							
a. Volunteer Hours	3	3	3	3	3	3	3
b. Servicing of HEDIC Loans		1	1	1	1	1	1
c. Homebuyer Seminars Sponsored		3	3	3	3	3	3
d. CDC Board Representation		4	4	4	4	4	4
<b>TOTAL POINTS</b>	<b>21</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>32</b>	<b>32</b>
<b>TOTAL POINTS REQUIRED FOR RATING</b>	<b>16</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>

Based upon the above information, Peoples Savings Bank's performance under the Service Test of The Plan received an "Outstanding" rating in each of the five years reviewed.

### Overall Points Achieved for all Five Years under The Plan

CRA Rating Based Upon Goal Points-Years Three Through Five								
Test	Low Satisfactory	High Satisfactory	Outstanding	Points Achieved				
				1997	1998	1999	2000	2001
<b>Lending</b>	30	37	45	57	56	55	50	48
<b>Investment</b>	6	8	10	10	8	10	10	10
<b>Services</b>	16	23	30	35	35	35	32	32
<b>TOTAL</b>	<b>52</b>	<b>68</b>	<b>85</b>	<b>102</b>	<b>99</b>	<b>100</b>	<b>92</b>	<b>90</b>

**THE COMMONWEALTH OF MASSACHUSETTS**

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

**PEOPLES SAVINGS BANK**

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **JANUARY 14, 2002**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

A majority of the Board of Directors/Trustees

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_

## PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.

